

**H-3120-1 - COMPETITIVE LEASES**

**Procedures for Configuration of Lands in Noncompetitive Offers  
Filed Under 43 CFR 3110.1(a)(1) into Competitive Lease Parcels**

The following procedures are to be used when preparing lands contained in a noncompetitive oil and gas lease offer filed under 43 CFR 3110.1(a)(1) for offering in a Notice of Competitive Lease Sale for oral auction.

The regulations at 43 CFR 3110.1 do not prohibit a lease offeror from including lands available under 43 CFR 3110.1(a)(1) and lands available under 43 CFR 3110.1(b) in the same offer. The policy for minimum acreage requirements for such noncompetitive offers is as follows (see also Handbook 3110-1, Section II).

Regulation 43 CFR 3110.3-3(a) first requires that the offer contain public domain minerals of not less than 640 acres or one full section, whichever is larger (in Alaska, 2,560 acres or four full contiguous sections, whichever is larger). Any noncompetitive lease offer that contains (1) the minimum acreage of presale-type lands described in 43 CFR 3110.1(a)(1) only, or (2) the minimum acreage, some of which is presale-type lands described under 43 CFR 3110.1(a)(1) and some of which is postsale-type lands described under 43 CFR 3110.1(b), satisfies this regulation requirement. Regulation 43 CFR 3110.3-3(a) provides an exception to the minimum acreage where the offer includes all available lands within the section(s) and no contiguous lands are "available." (See Handbook 3110-1, Section II.)

If the offer contains presale-type lands greater than the maximum acreage allowed for a competitive lease as specified by the Federal Onshore Oil and Gas Leasing Reform Act (2,560 acres in the lower 48 States and 5,760 acres within Alaska), the offer is to be split into parcels as compact as possible not exceeding the maximum allowable acreage.

**EXAMPLE:** If the lands are scattered over the allowable 6-mile square area, place all the lands in the northwest nine sections into a single parcel, all the lands in the southwest nine sections into a single parcel, all the lands in the northeast nine sections into a single parcel, and all the lands in the southeast nine sections into a single parcel.

If the lands in the offer are under the administrative jurisdiction of more than one SMA, i.e., the Forest Service, Bureau of Reclamation, and BLM, first apply the above procedure for creating compact parcels by grouping the lands within each nine-section area, then separate the lands within each area by agency of jurisdiction.

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If the offer contains presale-type lands greater than the maximum acreage allowed for a competitive lease and the lands are located in two or more townships, group the lands by township, depending on the number of townships and the acreage contained in each township.

Do not use known geological structure (KGS) designations or any other geologic or drilling information to configure the lands in the noncompetitive offer into a competitive parcel.

Noncompetitive offers combining presale and postsale-type lands may be processed in either of two ways:

Option 1:

- (1) Segregate the offer (after applying the minimum acreage rule);
- (2) Issue lease immediately for the postsale-type lands (even if such lands are less than the minimum acreage after the segregation);
- (3) Process the presale-type lands for posting for competitive offer;
- (4) Issue a lease for presale lands if parcel receives no bid (a second lease), OR, combine the presale-type lands in the segregated offer into the first lease as provided under 43 CFR 3110.8, but only if specifically requested to do so by the offeror.

Option 2:

- (1) After applying the minimum acreage rule, make pending the issuance of a lease for the postsale-type lands (the 60-day time limit for issuance of a lease will not apply in this case as "all else is not regular" by virtue of the combination of lands in the offer;
- (2) Post the presale-type lands for competitive sale;
- (3) If no bid is received at the auction, issue one lease to include both the presale and postsale-type lands;
- (4) If the presale-type lands in the offer sold competitively, issue a lease only for the postsale-type lands.